

IAC-D-57/61
1 April 1957

Post-Mortem on NIE 100-57:

Sino-Soviet Foreign Economic Policies and Their
Probable Effects in Underdeveloped Areas,

dated 26 March 1957

I. Findings

1. The efforts of the responsible intelligence agencies during the past year have provided considerable light on the character and scope of Soviet economic activities and the factors, both political and economic, conditioning the responses of underdeveloped countries. However, Bloc programs for economic and technical assistance are still in fairly early stages of implementation. As these programs progress, we should try to arrive at a fuller evaluation of their effectiveness for Soviet policy. In this connection, examination of Bloc procedures and performance in construction and technical assistance projects will be useful.

2. On the basis of internal Bloc economic developments, we have estimates that most of the Bloc's arms, trade, credit, and technical assistance activities in less developed countries will be of economic benefit to the Bloc. This proposition needs to be further tested in terms of the benefits or costs which the Bloc is realizing in specific cases. In a number of countries, the Bloc's willingness to expand many of its programs may be affected by the extent to which it regards these activities as supporting, or at least not conflicting with, other Bloc economic policies.

3. A key problem in estimating the effects of closer Bloc economic ties with less developed countries over the long run is a better appreciation of probable social, political, and institutional developments in these countries. The underdeveloped countries will encounter increasing internal strains as they seek to develop and modernize their economies, which may in turn affect their international orientation. In this regard, we believe that priority

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attention should be directed to:

a. The extent to which key elements in less developed countries regard the Sino-Soviet models for economic development as more pertinent to their local situations than Western methods and experience.

b. The effect of closer economic ties with the Bloc on institutional developments in underdeveloped countries.

4. In particular, consideration should be given to further examination of Communist strategy and tactics in the underdeveloped areas and of the actual effect of Sino-Soviet economic diplomacy on the various national Communist parties. This suggestion is made in order to profit from the Communist practice of shaping international Communist strategy to accord with Soviet foreign policy. Thus, an analysis of the trends in postwar Communist strategy might well point up the differences between the present period and the period prior to the economic offensive, thereby providing additional insights as to Soviet diplomatic objectives as well as the consequences for the Communist movements.

II. Action

The appropriate IAC agencies are requested to take such action as they deem essential to increase the over-all intelligence effort devoted to the underdeveloped areas and Bloc efforts to influence them, with particular attention to the problems noted above.

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